

ILLINOIS DEPARTMENT OF REVENUE
1500 South Ninth Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY82-22

TO: All Retailers and Users Qualifying for Manufacturing
Machinery and Equipment Exemption

SUBJECT: Public Act No. 82-672 (SB 633)

Effective October 28, 1981, Public Act 82-672 removed the requirement that Machinery and Equipment Exemption Certificate(s)(RR-587) be furnished to the Department on a quarterly basis. You are, however, still required to submit an RR-586 summary schedule with your RR-1-A tax return. To substantiate deductions taken for machinery and equipment exemptions, you must, if you are a retailer, continue to secure the certificates from the purchaser. It is necessary that you retain these certificates for inspection or audit.

If you are a purchaser filing a Use Tax return (and accompanying schedule), you must complete the certificate and retain it with your records. The certificates of exemption no longer require labor statistics regarding employees who are laid off, terminated, newly employed or retained as a direct result of the acquisition of the exempt machinery and equipment. You may, therefore, modify your certificate form accordingly.

The legislation also expanded the Retailers' Occupation Tax, Use Tax, Service Occupation Tax, Service Use Tax and related local tax exemptions for any device which is sold or used or intended for the purpose of converting locally available coal into low sulfur gaseous fuel. Such devices are described as all machinery, equipment structures and all related apparatus of a coal gasification facility, including coal feeding equipment, waste and by-product streams. Accordingly, while gross receipts from the sales of the exempt devices must be reported in Item 1, pages 2 and 4 of the RR-1-A tax return, the same amount should be identified as "Sales of Coal Gasification Facilities" and entered in Item 2(k) or 2(1) as a deduction from taxable receipts. This reporting method will ensure proper credit for the exempt amount.

If you have any questions regarding the information provided, please contact the Department of Revenue. If you are in Cook County, call 641-2150. Persons elsewhere in Illinois may call the Departments toll free number, 800-252-8972. Out-of-State taxpayers should call 217-782-3336.

J. Thomas Johnson
Director

ISSUED: December, 1981

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